

FORK TOWNSHIP
MECOSTA COUNTY, MICHIGAN
AUDIT REPORT
MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Fork Township	County Mecosta
Fiscal Year End March 31, 2006	Opinion Date November 9, 2006	Date Audit Report Submitted to State November 27, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

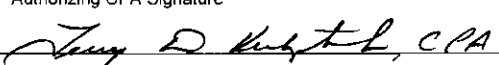
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Terry Kirkpatrick, CPA, P.C.		Telephone Number 231-796-3332	
Street Address 211 Maple Street		City Big Rapids	State MI
Zip 49307			
Authorizing CPA Signature 	Printed Name Terry D. Kirkpatrick		License Number 18035

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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

To the Township Board
Fork Township, Mecosta County

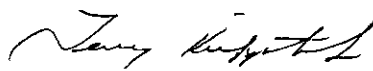
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fork Township, Mecosta County, Michigan, as of and for the year ended March 31, 2006, which collectively comprise Fork Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of Fork Township, Mecosta County, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Fork Township, Mecosta County, Michigan, as of March 31, 2006, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Fork Township has implemented a new financial reporting model, as required by provisions of GASB Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis- for State and Local Governments*, as of March 31, 2006. Management has elected not to present the Management's Discussion and Analysis portion of the financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Fork Township, Mecosta County, Michigan basic financial statements. The combining and individual non-major fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

 CPA, P.C.

Big Rapids, Michigan
November 9, 2006

BASIC FINANCIAL STATEMENTS

Fork Township – Mecosta County, Michigan
Government Wide Statement of Net Assets
March 31, 2006

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 271,230
Delinquent Personal Tax	274
Receivables - Other Governmental Units	19,144
Capital Assets (Net)	<u>162,262</u>
Total assets	<u><u>\$ 452,910</u></u>
LIABILITIES	
Payroll Tax Payable	\$ 3,228
NET ASSETS	
Invested in capital assets, net of related debt	162,262
Unrestricted	<u>287,420</u>
Total net assets	<u><u>449,682</u></u>
Total liabilities and net assets	<u><u>\$ 452,910</u></u>

The "Notes to Financial Statements" are an integral part of these statements.

Fork Township – Mecosta County, Michigan
Government Wide Statement of Activities
For the Year Ended March 31, 2006

	Expenses	Program Revenues Charges for Services	Operating Grants	Governmental Activities Net (Expense) Revenue and Changes in Net Assets
PRIMARY GOVERNMENT				
General Government	\$ 93,792	\$ 0	\$ 0	\$ (93,792)
Public Safety	122,129	83,811	45,133	6,815
Public Works	7,803	7,251	0	(552)
Cultural and Recreation	250	609	0	359
Other Functions	9,222	0	0	(9,222)
Depreciation (unallocated)	14,788	0	0	(14,788)
Total primary government	\$ 247,984	\$ 91,671	\$ 45,133	\$ (111,180)

General Revenues	
Property Tax, levied for general operations	55,596
Licenses and Permits	69
State Grants	92,545
Charges for Services	7,321
Interest Earnings	8,376
Other Revenue	11,362
Total general revenues	175,269
Change in Net Assets	
Net assets - Beginning of year	64,089
Net assets - End of year	385,593
	\$ 449,682

The "Notes to Financial Statements" are an integral part of these statements.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Fork Township – Mecosta County, Michigan
 Governmental Fund Balance Sheet
 March 31, 2006

	General Fund	Fire Fund	Fire Equipment Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 164,107	\$ 31,638	\$ 55,774	\$ 19,711	\$ 271,230
Delinquent Personal tax	116	113	45	0	274
Due to Other Funds	3,488	0	0	0	3,488
Due from Mecosta County	7,754	6,129	2,451	1,540	17,874
Total assets	<u>\$ 175,465</u>	<u>\$ 37,880</u>	<u>\$ 58,270</u>	<u>\$ 21,251</u>	<u>\$ 292,866</u>
LIABILITIES AND FUND EQUITY					
Payroll tax Payable	\$ 1,643	\$ 1,081	\$ 0	\$ 504	\$ 3,228
Due to Other Funds	0	1,719	0	499	2,218
Fund Balance - Unreserved and Undesignated	173,822	35,080	58,270	20,248	287,420
Total liabilities and fund equity	<u>\$ 175,465</u>	<u>\$ 37,880</u>	<u>\$ 58,270</u>	<u>\$ 21,251</u>	<u>\$ 292,866</u>
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets					
Total Governmental Fund Balances				\$	287,420
Amounts reported for governmental activities in the statement of net assets are different because:					
Cost of capital assets, net of depreciation					<u>162,262</u>
Net assets of governmental activities				\$	<u>449,682</u>

The "Notes to Financial Statements" are an integral part of these statements.

Fork Township – Mecosta County, Michigan

Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended March 31, 2006

	General Fund	Fire Fund	Fire Equipment Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
Property Tax	\$ 55,596	\$ 40,215	\$ 16,080	\$ 0	\$ 111,891
Licenses and Permits	69	0	0	0	69
FEMA Grant	0	45,133	0	0	45,133
State Grants	92,545	0	0	0	92,545
County Contributions	0	0	0	14,064	14,064
Charges for Services	7,321	13,452	0	0	20,773
Interest and Rents	5,617	1,254	1,044	461	8,376
Special Assessments	0	0	0	7,860	7,860
Other Revenue	4,098	1,635	1,225	3,919	10,877
Transfer from Other Funds	485	0	13,452	0	13,937
Total revenues	165,731	101,689	31,801	26,304	325,525
EXPENDITURES					
General Government	93,792	0	0	0	93,792
Public Safety	0	95,613	13,227	13,289	122,129
Public Works	950	0	0	6,853	7,803
Cultural and Recreation	0	0	0	250	250
Other Functions	9,222	0	0	0	9,222
Transfer to Other Funds	0	13,452	0	0	13,452
Total expenditures	103,964	109,065	13,227	20,392	246,648
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES					
	61,767	(7,376)	18,754	5,912	78,877
Fund Balance - April 1,	112,055	42,456	39,696	14,336	208,543
Fund Balance - March 31,	\$ 173,822	\$ 35,080	\$ 58,270	\$ 20,248	\$ 287,420

The "Notes to Financial Statements" are an integral part of these statements.

Fork Township – Mecosta County, Michigan

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2006

	<u>2006</u>
Net Change in Fund Balances - Total Government Funds	\$ 78,877
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	
Depreciation expense	<u>(14,788)</u>
Change in Net Assets of Governmental Activities	<u>\$ 64,089</u>

The "Notes to Financial Statements" are an integrated part of these statements.

Fork Township – Mecosta County, Michigan

Fiduciary Funds

Combined Statement of Net Assets

March 31, 2006

	Trust Fund Type <u>Cemetery P.C. Fund</u>	Agency Fund Type <u>Property Tax Collection Fund</u>	<u>Totals</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,500	\$ 1,270	\$ 17,770
LIABILITIES AND FUND EQUITY			
Due to General Fund	\$ 0	\$ 1,270	\$ 1,270
Fund Balance	16,500	0	16,500
Total liabilities and fund equity	\$ 16,500	\$ 1,270	\$ 17,770

The "Notes to Financial Statements" are an integrated part of these statements.

NOTES TO FINANCIAL STATEMENTS

Fork Township – Mecosta County, Michigan

Notes to Financial Statements

For the Year Ended March 31, 2006

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Fork Township conform to accounting policies generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Fork Township:

Reporting Entity

The Township is governed by an elected, five-member, Board. The accompanying financial statements present the government and its component units; entities for which the government is considered to be financially accountable. Based on the application of the criteria, the Township does not contain any component units.

Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be “available” if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes – Fork Township’s property tax is levied on each December 1st on the taxable valuation of property located within Fork Township as of the preceding December 31st.

Fork Township – Mecosta County, Michigan

Notes to Financial Statements
For the Year Ended March 31, 2006

Although the Fork Township 2005 ad valorem tax is levied and collectible on December 1, 2005, it is Fork Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations.

The 2005 taxable valuation of Fork Township totaled approximately \$34,000,000, on which ad valorem taxes levied consisted of 1.2232 mills for the Township operating purposes and an additional 1.1839 mills for fire protection and .4735 mills for fire equipment. These amounts are recognized in the respective General and Special Revenue Fund financial statements as Due from Mecosta County and/or as a tax revenue.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted-for in another fund.

The Fire Fund and Fire Equipment Fund are used to record property tax and interest for expenditures for the fire department.

Additionally, the Township reports the following fund types:

The Township reports a Fiduciary Fund (Agency Fund). This fund accounts for taxes and special assessments collected by the Township as an agent for other taxing units. Fiduciary Fund net assets and results of operations are not included in the government-wide financial statements. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Township reports four non-major special revenue funds for a rescue unit and three special assessment districts.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Assets, Liabilities and Net Assets or Equity

Deposits and Investments – Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables – In general, outstanding balances between funds are reported as "due to/from other funds". Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds".

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st and are considered delinquent on March 1st of the following year, at which time interest and penalties are assessed.

Capital Assets – Capital assets, which include property, plant and equipment assets are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$3,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	40 Years
Vehicles	10-15 Years
Equipment	10 Years

Fork Township – Mecosta County, Michigan

Notes to Financial Statements

For the Year Ended March 31, 2006

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE B – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information – Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental units. All annual appropriations lapse at fiscal year end.

The budget document presents information by fund, function, activity and line items. The legal level of budgetary control adopted by the governing body is the activity level. State law requires the Township have its budget in place by April 1st. Expenditures in excess of amounts budgeted is a violation of Michigan Law. State law permits a township to amend its budgets during the year.

NOTE C – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations, which have an office in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township has designated one bank for the deposit of Township Funds. The investment policy adopted by the Township Board in accordance with Public Act 196 of 1997 has authorized investment in bank accounts and certificates of deposit, but not the remainder of State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>
Cash and cash equivalents	\$ 289,000

The bank balance of the primary government's deposits is \$308,346, of which \$116,500 is covered by federal depository insurance.

NOTE D – RECEIVABLES

Receivables as of year-end for the government's individual major and non-major funds are as follows:

	General	Fire Fund	Fire Equipment	Non-Major
Taxes receivable-County	\$ 7,754	\$ 6,129	\$ 2,451	\$ 1,540

NOTE E – CAPITAL ASSETS

Capital asset activity of the governmental activities for the current year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 26,000	\$ 0	\$ 0	\$ 26,000
Capital assets being depreciated				
Buildings	61,500	0	0	61,500
Fire vehicles	167,500	0	0	167,500
Equipment	10,000	0	0	10,000
Less Accumulated depreciation for Capital assets	(87,950)	(14,788)	(0)	(102,738)
Net capital assets	<u>\$ 177,050</u>	<u>\$ (14,788)</u>	<u>\$ 0</u>	<u>\$ 162,262</u>

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

NOTE F– INTERFUND RECEIVABLES and PAYABLES

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	\$ 1,270
General	Fire Fund	1,719
General	Rescue Unit Fund	499

NOTE G – RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). The Township has purchased workers' compensation insurance for such claims. Settled claims relating to the workers' compensation insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION

Fork Township – Mecosta County, Michigan

Budgetary Comparison Schedule

General Fund

For the Year Ended March 31, 2006

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 112,055	\$ 112,055	\$ 112,055	\$ 0
Resources (inflows)				
Property Tax	53,055	53,055	55,596	2,541
Licenses and Permits	50	50	69	19
State Grants	90,000	90,000	92,545	2,545
Charges for Services	3,500	3,500	7,321	3,821
Interest and Rents	2,000	2,000	5,617	3,617
Other Revenue	3,095	3,095	4,098	1,003
Transfer from Cemetery P.C. Fund	0	0	485	485
Amounts Available for Appropriation	263,755	263,755	277,786	14,031
Charges to Appropriations (outflows)				
General Government				
Township board	30,000	30,000	16,606	13,394
Supervisor	8,000	8,000	7,480	520
Elections	4,000	4,000	438	3,562
Assessor	18,000	18,000	16,033	1,967
Clerk	14,500	14,500	11,394	3,106
Board of review	2,500	2,500	1,685	815
Treasurer	16,500	16,500	15,410	1,090
Townhall	10,000	10,000	6,467	3,533
Cemetery	12,000	12,000	12,246	(246)
Recycling	7,000	7,000	6,033	967
Public Works				
Highways, streets & bridges	20,000	20,000	0	20,000
Street lighting	2,500	2,500	950	1,550
Other Functions				
Social security/ medicare tax	1,500	1,500	1,194	306
Retirement	0	0	8,028	(8,028)
Total Charges to Appropriations	146,500	146,500	103,964	42,536
Budgetary Fund Balance - March 31,	\$ 117,255	\$ 117,255	\$ 173,822	\$ 56,567

Fork Township – Mecosta County, Michigan
 Budgetary Comparison Schedule
 Fire Fund
 For the Year Ended March 31, 2006

	Original Budget	Amended Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
BEGINNING OF YEAR FUND BALANCE	\$ 42,456	\$ 42,456	\$ 42,456	\$ 0
Resources (inflows)				
Property Tax	39,220	39,220	40,215	995
Charges for Services	0	0	13,452	13,452
Interest and Rents	300	300	1,254	954
FEMA Grant	45,135	45,135	45,133	(2)
Other Revenue	0	0	1,635	1,635
Amounts Available for Appropriation	127,111	127,111	144,145	17,034
Charges to Appropriations (outflows)				
Public Safety				
Fire Department	105,135	105,135	95,613	9,522
Transfer to Fire Equipment Fund	0	0	13,452	(13,452)
BUDGETARY FUND BALANCE - March 31,	\$ 21,976	\$ 21,976	\$ 35,080	\$ 13,104

Fork Township – Mecosta County, Michigan

Fire Equipment Fund

For the Year Ended March 31, 2006

	<u>Actual</u>
BEGINNING OF YEAR FUND BALANCE	\$ 39,696
Resources (inflows)	
Property Tax	16,080
Interest and Rents	1,044
Other Revenue	1,225
Transfer from Fire Fund	<u>13,452</u>
Amounts Available for Appropriation	71,497
Charges to Appropriations (outflows)	
Public Safety	
Fire Department	<u>13,227</u>
BUDGETARY FUND BALANCE - March 31,	<u><u>\$ 58,270</u></u>

OTHER SUPPLEMENTAL INFORMATION

Fork Township – Mecosta County, Michigan

Combining Balance Sheet
Non-Major Governmental Funds
March 31, 2006

	Rescue Unit Fund	Merrill Lake Road S/A Fund	W. Chippewa Vista S/A Fund	Merrill Lake Park S/A Fund	Totals
ASSETS					
Cash in Bank	\$ 12,028	\$ 1,902	\$ 4,373	\$ 1,408	\$ 19,711
Due from Mecosta County	0	483	850	207	1,540
Total assets	\$ 12,028	\$ 2,385	\$ 5,223	\$ 1,615	\$ 21,251
LIABILITIES AND FUND EQUITY					
Due to General Fund	\$ 499	\$ 0	\$ 0	\$ 0	\$ 499
Payroll Tax Payable	504	0	0	0	504
Fund Balance	11,025	2,385	5,223	1,615	20,248
Total liabilities and fund equity	\$ 12,028	\$ 2,385	\$ 5,223	\$ 1,615	\$ 21,251

Fork Township -- Mecosta County, Michigan
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Non-Major Governmental Fund
For the Year Ended March 31, 2006

	Rescue Unit Fund	Merrill Lake Roads S/A Fund	W. Chippewa Vista S/A Fund	Merrill Lake Park S/A Fund	Totals
REVENUES					
Interest and Rents	\$ 304	\$ 42	\$ 83	\$ 32	\$ 461
Contributions from Mecosta County	14,064	0	0	0	14,064
Special Assessments	0	1,421	5,830	609	7,860
Other Revenues	3,919	0	0	0	3,919
Total revenues	18,287	1,463	5,913	641	26,304
EXPENDITURES					
Public safety	13,289	0	0	0	13,289
Public Works	0	721	6,132	0	6,853
Parks and Recreation	0	0	0	250	250
Total expenditures	13,289	721	6,132	250	20,392
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,998	742	(219)	391	5,912
FUND BALANCE - April 1,	6,027	1,643	5,442	1,224	14,336
FUND BALANCE - March 31,	\$ 11,025	\$ 2,385	\$ 5,223	\$ 1,615	\$ 20,248

TERRY KIRKPATRICK, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

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November 9, 2006

Members of the Township Board
Fork Township
Mecosta County, MI

We recently completed our audit of the general purpose financial statements of Fork Township for the year ended March 31, 2006. During our audit, we had an opportunity to test internal controls and to observe the accounting and financial procedures and many of the general management practices of the Township. Based upon these tests and observations, there are several matters that we specifically want to call to your attention.

CREDIT CARD PAYMENT DOCUMENTATION

There were several instances in which the documentation attached to the Township copy of the credit card payment did not include the actual receipts to support the charges to the card at the original source. For example, the documentation for the check number 7478 did not include the original bill from "Staples" to support the charge to the credit card. Also, check number 7606 did not include the original bill from the "Radisson Hotel" to support the charge to the credit card. Whenever the Township credit card is used, the original receipt should be turned over to the Clerk to compare to the credit card bill and to be attached to the Township copy for Board approval.

PAYROLL TAX REIMBURSED TO GENERAL FUND

The Fire Fund and Rescue Fund have periodically (not on a regular basis) made \$500 or \$1,000 payments to the General Fund for payroll taxes from prior years that the General Fund had made on behalf of these two funds. We have not seen any type of schedule that shows how much each of these funds may still owe to the General Fund. Unless there is some sort of schedule available, we suggest that the Township stop making such reimbursements to the General Fund, but keep the current required payments up to date.

OTHER MATTERS

We have enjoyed working with your staff. Their competence and assistance were instrumental in our timely completion of the audit.

Two copies of the audit report and this letter have been mailed to the State of Michigan.

If you have any questions regarding this letter or the audit, please do not hesitate to contact us.

Terry Kirkpatrick, CPA, P.C.